

KIFARU PAPER CONVERTERS LIMITED

Business Plan
for
Establishment of Printing Facilities

Presented for
KIFARU PAPER CONVERTERS LIMITED
P.O. Box 20424
Dar es salaam.

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1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by KIFARU PAPER CONVERTERS LIMITED a locally registered company with Certificate of Incorporation No.173922507 dated 17th April, 2024 seeking to establish modern printing facilities dealings with manufacturing of exercise books, envelopes and disposable paper cups, food plates and paper related products etc.

After recognizing that there are a lot of opportunities in printing business in Dar es Salaam and the country at large, the company has decided to establish modern large format printing facilities, the company has already ordered machines of the state of art technology acquired from China and Japan. The company has identified markets from various corporate.

In essence, the project will involve ordering and setting printing machines of different model in Plot No 160, Migombani Street, Kinondoni, and Dar es Salaam.

The project to be successful implemented and achieves expected results the following must be acquired:

- Long term leasing
- Renovation of business premises
- Printing machine

This feasibility study report lays down the financial and economic viability of the intended project.

1.2 Location

The headquarters of the project and the printing factory is located at **Plot No. 90 and 92 Block 2 Buyuni Ilala Municipal Council, Dar es Salaam, Tanzania**. The premises will serve as both the head office and storage yard for both finished products and raw materials arriving from the abroad.

1.3 The Sponsors

KIFARU PAPER CONVERTERS LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

Names of Shareholders	% of Shares	Nationality
YESU BABU TALLURI	51	Tanzania
ACICK AHAMED JAMAL MOHAMED	49	India

1.4 Project Management

KIFARU PAPER CONVERTERS LIMITED will be under the Management of Mr. YESU BABU TALLURI and ACICK AHAMED JAMAL MOHAMED, who have experience managing various printing businesses over 10 years, YESU BABU TALLURI, Financing and Administration Director Sales who has 15 years in printing business managing obtained various printing companies, the company intend to employ one 20 employees

Under this management, **KIFARU PAPER CONVERTERS LIMITED** is expected to grow steadily from Small Printing Factory serving local markets only to medium scale factory serving East Africa Region.

1.5 Raw Material Base

Since the sustainability and productivity of the project will highly depend on availability of raw materials, the company will be importing raw materials and some time from local market if available.

The project will strictly adhere to laws, rules and regulations of the land

2.0. AN OVERVIEW TO THE PRINTING INDUSTRY IN TANZANIA.

2.1 Printing Sector in General:

Tanzania's sector is still in its infancy stage as most of the crucial printing works is done overseas, like South Africa, China, Mauritius, and Dubai. The sector needs to be developed as most of the machines available are of 1960's which can not meet the demand requirements of the fast-growing economy of new technology. Printing companies can not afford to have modern printing equipment mainly because of financial constraints.

Most of printing houses are using outdated technology machines.

As the country is trying to boost all sectors of economy such as education, tourism, communication, health, mining and many others, this gives printing industry a need to expand and use modern machines to meet the standards require in Tanzania market and East Africa at large.

Advertisements and information transfer through printed form have been increasing in Tanzania as the education sector which requires printed materials for daily uses. Companies are advertising through brochures and fliers in high volumes in Tanzania. The increasing number of schools shows bright future of printing business to cater for the demand of books and other materials

2.2 Commercial Printing

Following liberalization of Tanzania economy, Tanzania economy currently is dominated by private sector, there is a rapid and fundamental change in all sectors of economy, and the trend is projected to continue for many years to come.

These developments increase the opportunities for printing for commercial materials. In view of the above-mentioned developments, **KIFARU PAPER CONVERTERS LIMITED** focusing on commercial printings as a strategic market segment.

The major customers range from firms to individuals, this is growing sector due to change in demand and customers needs.

Customers needs for quality products have been increasing; however existing technology in Tanzania is limited to cope with

the demand due to out dated technology used by most of printing companies in Tanzania

2.3 Book Publishing

Government has liberalized the marketing and distribution of books and decentralized the procurement powers to the head teachers of primary schools instead of central and local government officials, the new system came into operation in July 2004 forcing all books publishers and books sellers to developing their respective distribution and marketing strategies and networks to reach the target markets.

Book publishing industry in Tanzania is still at infant stage with few established publishing houses, there are only 8 good book publishers in Tanzania with number of titles approved by Educational Material Accreditation Committee (EMAC)

2.4 Newspaper Printing

There are almost 52 registered newspapers in Tanzania of which 46 are printed regularly on a weekly basis. The rest are printed on a monthly or quarterly basis.

Currently Tanzania has the largest number of newspaper publications in East Africa and there seems to be room for more publications to be introduced in the market. However, the average circulation of serious Kiswahili newspapers is almost 35,000 copies and about 10,000 for English dailies. The average weekly is 60,000 copies. These circulation figures are a small of fraction of potential

demand. The main reasons for this situation include the still nascent state of journalism in Tanzania, low reading culture among majority of Tanzanians, poor communication infrastructure in several rural areas and imbalances in the distribution of income, studies indicate that on average one newspaper is read by about 8 to 10 people, this imply that demand for newspaper in the country is well above 400,000 although the purchasing power is currently limited to a total about 230,000 copies.

It is good to note that the on-going social economic reforms provide innovative publishers with new opportunities to increase their circulation volumes or introduce new newspapers.

These opportunities will consequently lead to an increase in the printing business.

2.5 Trading conditions and license procedures for printing business.

The Government of Tanzania has simplified procedures for trading and printing to encourage printing sector.

Any trader basically is expected to have a business license obtained from municipal council, Tax Identification Number (TIN) from Tanzania Revenue Authority, Industrial License from BRELA, and evidence of working premises

3.0. PROJECT'S INVESTMENT CAPITAL INVESTMENT

The estimated capital investment cost of the project is US\$ 713,000 out of which US\$ 675,000 will be fixed investment costs

KIFARU PAPER CONVERTERS LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	200,000.00
Machinery & Equipment	400,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	5,000.00
Pre exp	2,000.00
Others	8,000.00
Working Capital	28,000.00
TOTAL	713,000.00

3.1 Land and Building

The headquarters of the project and the printing factory will be located at **Plot No. 90 and 92 Block 2 Buyuni Ilala Municipal Council, Dar es Salaam, Tanzania**. This will serve for both office accommodation and production premises.

The company has budgeted for US\$ 200,000 for land and building renovation.

3.2 Plant, Machinery and Equipment

The project intends to acquire a variety of printing machinery, equipment and accessories and install them at the site. The facilities that the company intends to install have advantage of incorporating state of the art technology in printing.

The company already purchased machines and currently are on way to Tanzania the Company has budgeted US\$400,000

3.3 Motor Vehicles

Two (2) unit Light Truck will be required for the haulage of raw materials and finished products. One (1) unit of 4WD Pick Up has been budgeted for supervision.

Total estimated cost for above mentioned items is put at US\$ 70,000

3.4 Furniture and Fittings

The company has budgeted US\$5,000 for this

3.5 Working Capital

The company has set a budget of US\$28,000 as working capital

3.6 Pre-operation Expenses

This item includes items like investment studies, preparatory investigations, company formation and legal fees, initial recruitment and training of technical staff and miscellaneous pre-operation payments and leasing fee. The amount of US\$ 2,000 is considered sufficient for this category.

3.6 Other cost

It is estimated that other cost will be US\$8,000

3.7 Project Financing Plan

The shareholders of this company will finance the project using 55% equity and 45% loans as shown below.

Source/Type of financing	Foreign US\$	Local US\$
Equity	245,000	255,000
Loans NIL	NIL	213,000

4.0 MARKETING ASPECTS

4.1 The Products

The main products of the proposed project mainly involve different categories of printing such as:

- Exercise books,
- Envelopes
- Disposable paper cups,
- Food plates and Other printed based products etc

4.2 Supply Position

Apparently, there is limited printing factory of the high quality which meets local demand targeted by the company. The company intends to employ State of the art technology which will enable the company produce very high quality of products and in large quantities, in order for project to be sustainable and economically viable, the project plan to produce 30-50 square meters per day

4.3 Competition

Due to the limited availability of high-quality printing, no stiff competition is foreseen. However, it must be cautioned that the

targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to competitors.

4.4 Distribution

KIFARU PAPER CONVERTERS LIMITED depend on the following as distribution strategies to reach company's clients

- Its Customer Care Service Centre and delivery centre located at **Plot No. 90 and 92 Block 2 Buyuni Ilala Municipal Council**
- Government tender
- NGOs
- International Organizations
- Private companies
- Individuals
- Agents etc.

4.5 Promotion

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target market. Generally, the company will put more efforts in promotion by participating in different trade fairs like Sabasaba, Nane nane and any other, **KIFARU PAPER CONVERTERS LIMITED** will be sponsoring some activities as promotion strategy

4.5 Costing and pricing

From the survey made in different printing houses, there are differences in pricing depending on whether printing is done using new technology or old technology, the company will be market-based price, the emphases will be on quality and customized services

4.6 Advertising

The company will be using Fm radio and other radio, Television, billboard, Posters, T-shirt, News papers, internet etc to promote company's products

4.7 Sales representatives

The company will be having sales representatives that will be paid on commission basis and been budgeted at the rate of 5% for all sales that will be made as the result of representatives

5.0 MANAGEMENT AND MANPOWER REQUIREMENTS

5.1 Management

A Board of Directors will closely supervising the proposed project as it has been mentioned above, YESU BABU TALLURI and ACICK AHAMED JAMAL MOHAMED, will be directly managing the project. The Managing Director will be assisted by properly trained managers in areas of Sales and Marketing, Finance and

Administration and Production, who will together comprise the management team.

5.2 Manpower Requirements.

The management team will be supported by a team of **15 local** and **5 foreigners' experts'** permanent staff in various capacities. Casual laborers will also be employed on a daily or weekly payment basis.

6.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market environment and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed taking into consideration that, the company has been in this business for 10 years and the management has got vast knowledge and experiences in this sector. The growing demand for quality printing materials gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.1 Monitoring and evaluation

The monitoring and evaluation tools that have been successful in previous projects, will be applied in the project expanded as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1 Considerations and Assumptions:

Taxation and Depreciation

The corporate tax charged is 30% of the profits. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Production and Revenue Assumptions

It is assumed that the major raw material will be imported from abroad and sometimes from local dealers. Revenues have been conservatively estimated based on experience of the promoters and trends in printing industry in general

7.2 Financial Statements:

Project Profit and Loss Account

For projection purposes, it is assumed that the economic life of the project is five (5) years and that production of the different types of printed products commence from the first year of operation

7.3 Projected net income

This is shown in the income statements. The project net income after tax increases from year 1 up to year 5 end of year cash flow from year 1 of operation to the 5th year.

KIFARU PAPER CONVERTERS LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Sales Revenue	840,000.00	850,000.00	860,000.00	870,000.00	880,000.00
Cost of Sales	210,233.00	213,593.00	216,600.00	218,606.00	233,620.00
Gross Profit	629,767.00	636,407.00	643,400.00	651,394.00	646,380.00
Operating Expenses:					
Administrative Expenses	1,400.00	4,205.00	5,000.00	5,200.00	5,800.00
Motor vehicle running expenses	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Salaries and Wages	22,000.00	22,000.00	22,000.00	22,000.00	22,000.00
Donation	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Depreciation	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00
Marketing Costs	9,320.00	9,345.00	9,358.00	9,365.00	9,375.00
Maintenance & Repair	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Utility costs	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Insurance	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Communication	5,400.00	5,406.00	5,410.00	5,415.00	5,418.00
Pension Contribution	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Loan Interest (12%)	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00
Total Expenses	110,520.00	113,356.00	114,168.00	114,380.00	114,993.00
Profit before tax	519,247.00	523,051.00	529,232.00	537,014.00	531,387.00
Tax (30%)	155,774.10	156,915.30	158,769.60	161,104.20	159,416.10
Profit After Tax	363,472.90	366,135.70	370,462.40	375,909.80	371,970.90

7.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 of operation to the 5th year.

KIFARU PAPER CONVERTERS LIMITED PROJECTED CASH FLOW " US\$"

	1	2	3	4	5
CASH FLOW FROM OPERATIONS:					
Cash Sales	688,800.00	697,000.00	705,200.00	713,400.00	721,600.00
VAT Receipt	151,200.00	153,000.00	154,800.00	156,600.00	158,400.00
Subtotal cash Received	840,000.00	850,000.00	860,000.00	870,000.00	880,000.00
Expenditures from Operations:					
Cash spent	172,391.06	170,813.74	177,612.00	179,256.92	191,568.40
VAT Payments	37,841.94	38,446.74	38,988.00	39,349.08	42,051.60
Subtotal Cash Payment	210,233.00	209,260.48	216,600.00	218,606.00	233,620.00
CASH FLOW FROM OPERATIONS:	629,767.00	640,739.52	643,400.00	651,394.00	646,380.00
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	(355,000.00)				
Working Capital , pre-expenses and Others	(145,000.00)				
CASH FLOW FROM INVESTMENTS:	(500,000.00)				
CASH FLOW FROM FINANCING:					
Loan	-				
Owners Equity Contribution	500,000.00				
CASH FLOW FROM FINANCING:	500,000.00				
NET CASH FLOW FOR PERIOD	629,767.00	640,739.52	643,400.00	651,394.00	646,380.00
CASH FLOW START OF YEAR	-	629,767.00	1,270,506.52	1,913,906.52	2,565,300.52
CASH FLOW AT THE END OF YEAR	629,767.00	1,270,506.52	1,913,906.52	2,565,300.52	3,211,680.52

7.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ 863,472 in the first year of operation to US\$ 871,970 in the 5th year.

KIFARU PAPER CONVERTERS LIMITED PROJECTED BALANCE SHEET " US \$"

	1	2	3	5	6
Fixed Assets					
Long-term Assets	355,000	319,500	288,000	248,500	213,000
Depreciation	35,500	35,500	35,500	35,500	35,500
Total Long-term Assets	319,500	284,000	252,500	213,000	177,500
Current Assets					
Cash	688,800	697,000	705,200	7,134,000	721,600
Accounts Receivable	27,174	33,440	39,336	37,523	74,350
Total Current Assets	715,974	730,440	744,536	7,171,523	795,950
Total Assets	1,035,474	1,014,440	997,036	7,384,523	973,450
Current Liabilities					
Accounts Payable	9,999	10,000	10,000	10,000	10,000
Subtotal Current Liabilities	9,999	10,000	10,000	10,000	10,000
Long-term Liabilities					
Total Liabilities	9,999	10,000	10,000	10,000	10,000
Net Assets	1,025,475	1,004,440	987,036	7,374,523	963,450
Capital and Reserves					
Owners Contribution	500,000	500,000	500,000	500,000	500,000
Retained Earnings	363,472	366,135	370,462	375,909	371,970
Total Capital	863,472	866,135	870,462	875,909	871,970

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values:

- The project will involve transfer of technology in printing industry.

- The project will add more employments, 10 people will be employed on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and levies.

9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved, it is estimated that once certificate of incentives obtained, the company will clear the goods and install the machines immediately.

10.00 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022 and other laws of the land.